

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:

FTX TRADING LTD., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 22-11068 (JTD)

(Jointly Administered)

**Hearing Date:** January 6, 2023 at 9:30 a.m. (ET)

In re

FTX DIGITAL MARKETS LTD.,<sup>2</sup>

Debtor in a Foreign Proceeding.

Chapter 15

Case No. 22-11217 (JTD)

**DECLARATION OF EDGAR W. MOSLEY II IN SUPPORT OF DEBTORS' OBJECTION  
TO THE EMERGENCY MOTION OF THE JOINT PROVISIONAL LIQUIDATORS OF  
FTX DIGITAL MARKETS LTD. (I) FOR RELIEF FROM AUTOMATIC STAY  
AND (II) TO COMPEL TURNOVER OF ELECTRONIC RECORDS UNDER  
SECTIONS 542, 1519(A)(3), 1521(A)(7) AND 1522 OF THE BANKRUPTCY CODE**

I, Edgar W. Mosley II, hereby declare under penalty of perjury as follows:

1. I am a Managing Director at Alvarez & Marsal North America, LLC ("A&M"), a restructuring advisory services firm specializing in interim management, crisis management, turnaround consulting, operational due diligence, creditor advisory services and financial and operation restructuring.

2. I have more than 20 years of restructuring and distressed investment experience across various industries, including oil & gas, manufacturing, transportation,

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<sup>1</sup> The last four digits of FTX Trading Ltd.'s and Alameda Research LLC's tax identification number are 3288 and 4063 respectively. Due to the large number of debtor entities in these Chapter 11 cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at <https://cases.ra.kroll.com/FTX>.

<sup>2</sup> FTX Digital Markets Ltd. (in Provisional Liquidation) was incorporated in the Commonwealth of The Bahamas as an International Business Company, registered number 207269B.

automotive, retail, industrial construction, telecommunications, healthcare, and consumer products. I have a Bachelor's Degree from Harvard University, and have been recognized as a Certified Insolvency and Restructuring Advisor by the Association of Insolvency and Restructuring Advisors, where I served on the board from 2019 until 2020.

3. Since joining A&M, I have been involved in numerous Chapter 11 restructurings including Seadrill Limited (2020 and 2017), Valaris plc, Diamond Offshore Drilling, Inc., Imerys Talc America, White Star Petroleum, Southcross Energy, Magnum Hunter Resources, Exide Technologies (where I served as the Chief Restructuring Officer), and Visteon Corporation.

4. On November 9, 2022, the Debtors retained A&M. Since A&M's retention, I and the team of A&M professionals I oversee have, among other things, worked with the Debtors and their other professionals to identify reliable books and records and to assemble the information necessary to support the Debtors in their chapter 11 cases and the ongoing investigations, and to provide information to parties in interest and the Court, as appropriate.

5. I submit this declaration (the "Declaration") in support of *Debtors' Objection to the Emergency Motion of the Joint Provisional Liquidators of FTX Digital Markets Ltd. (I) For Relief From Automatic Stay and (II) To Compel Turnover of Electronic Records Under Sections 542, 1519(A)(3), 1521(A)(7) and 1522 of the Bankruptcy Code* ("Objection").

6. Except as otherwise indicated, all facts set forth in this Declaration are based upon my personal knowledge, information obtained from the Debtors and their advisors, including the A&M team working under my supervision, my review of relevant documents and information concerning the Debtors' operations and financial affairs, or my opinions based upon my experience

and knowledge. If called as a witness, I would testify competently to the statements set forth in this Declaration.

**A. The FTX Debtors and FTX DM**

7. Alameda Research LLC (“Alameda”), one of the Debtors,<sup>3</sup> was founded on November 20, 2017 by Samuel Bankman-Fried and Zixiao “Gary” Wang. Attached hereto as Exhibit A is a true and correct copy of Alameda’s certificate of formation.

8. FTX Trading Ltd. (also referred to as FTX.com) was founded on April 2, 2019 by Mr. Bankman-Fried, Mr. Wang, and Nishad Singh. Attached hereto as Exhibit B is a true and correct copy of FTX Trading Ltd.’s certificate of incorporation.

9. West Realm Shires Services, Inc. (d/b/a FTX US) was founded on January 29, 2020 by Messrs. Bankman-Fried, Wang, and Singh. Attached hereto as Exhibit C is a true and correct copy of West Realm Shires Services, Inc.’s certificate of incorporation.

10. FTX Digital Markets (“FTX DM”) was incorporated in The Bahamas on July 22, 2021. Attached hereto as Exhibit D is a true and correct copy of FTX DM’s certificate of incorporation.

11. Attached hereto as Exhibit E are true and correct copies of documents identified in the Debtors’ records during the ongoing investigation into the Debtors’ affairs, reflecting FTX DM and FTX Trading income statements.

12. The Debtors’ records reflect that in the time from FTX DM’s formation, including the less than six months it operated, FTX DM generated no revenue from customers or other third parties. The Debtors’ records reflect that FTX DM generated only intercompany or

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<sup>3</sup> Any undefined terms in this Declaration have the meanings set forth for those terms in the Objection.

related party revenue, which was paid primarily by FTX Trading as well as other related parties, and FTX DM did not have third party borrowings.

13. The Debtors' records reflect that FTX DM earned approximately \$604,000 net income during calendar year 2021 and approximately \$5.17 million net income through the first three quarters of 2022 from intercompany and related party revenue.

14. The Debtors' records reflect that during calendar year 2021, FTX Trading generated over \$1 billion in third party revenue.

15. The Debtors' records reflect that during the first three quarters of 2022, FTX Trading generated over \$700 million in third party revenue.

16. Attached hereto as Exhibit F is a summary of certain disbursements made by FTX DM during calendar year 2021 and the first three calendar quarters of 2022, which was prepared by the A&M team under my direction.

17. The Debtors' records reflect that \$15.4 million for "Hotels & Accommodation" was paid primarily to three hotels in The Bahamas: the Albany (\$5.8 million), the Grand Hyatt (\$3.6 million), and the Rosewood (\$807,000). The \$6.9 million for "Meals & Entertainment" was paid primarily to Hyatt Services Caribbean (\$1.4 million), Six Stars Catering (\$974,000), and to three other catering and delivery services (\$2.3 million in total).

18. The Debtors' records reflect that in the first three quarters of 2022, FTX DM had total operating expenses of approximately \$73 million, including over \$40 million labeled "other expenses."

19. The Debtors' records reflect that FTX DM's 2022 income statements show that FTX DM made no disbursements in connection with transaction, engineering or product expenses.

20. The Debtors' records reflect that in September 2021, \$10 million was deposited into an account in FTX DM's name with Fidelity Bank and Trust (Bahamas) Limited ("Fidelity Bahamas"), which sum represented the estimated cost of an orderly wind down of FTX DM's business over a six month period.

21. The Debtors' records reflect that the \$10 million previously deposited in FTX DM's name with Fidelity Bahamas was provided by FTX Trading.

**B. User Agreements**

22. Attached hereto as Exhibit G is a true and correct copy of a document titled "FTX Terms of Service," which was the form user agreement for FTX.com customers, dated May 13, 2022.

23. Customers who transacted on the FTX.com trading platform before May 13, 2022 were subject to a different form of Terms of Use Agreement. Attached hereto as Exhibit H and Exhibit I are true and correct copies of documents, identified in the Debtors' records during the ongoing investigations into the Debtors' affairs, titled "FTX Exchange: Terms of Service" from 2019 and 2020, respectively.

**C. AWS Cloud Environment**

24. At all times, including after May 13, 2022, the FTX Debtors' U.S. and international exchange and trading platforms, including FTX.com, were hosted by Amazon Web Services ("AWS"). In addition to AWS, Google Cloud Platform ("GCP"), holds a copy select data tables from AWS for analytics purposes.

25. Debtor Alameda Research LLC ("Alameda Research") contracted for, pays for, and has the right to control access to, the AWS.

26. Attached hereto as Exhibit J is a true and correct copy of the AWS user agreement, identified in the Debtors' records during the ongoing investigations into the Debtors' affairs.

27. Attached hereto as Exhibit R is a true and correct redacted copy of the AWS Private Pricing Addendum, identified in the Debtors' records during the ongoing investigations into the Debtors' affairs.

28. Attached hereto as Exhibit S is a true and correct copy of an AWS invoice, identified in the Debtors' records during the ongoing investigations into the Debtors' affairs.

**D. Correspondence**

29. On November 8, 2022, withdrawals were initially stopped for all customers with accounts on FTX.com. The halt on withdrawals encompassed both FTX Trading Ltd. and FTX DM.

30. Attached as Exhibit K is a true and correct copy of an email chain, identified in the Debtors' records during the ongoing investigations into the Debtors' affairs, including an email from Sam Bankman-Fried to Ryan Pinder KC, dated November 9, 2022.

31. Attached as Exhibit L is a true and correct copy of a letter from Christina Rolle to Jean-Louis Van Der Velde, dated November 12, 2022.

32. Attached as Exhibit M is a true and correct copy of an email chain, identified in the Debtors' records during the ongoing investigations into the Debtors' affairs, including an email from Gary Wang to Christina Rolle, dated November 13, 2022.

33. Attached as Exhibit N is a true and correct copy of an email, identified in the Debtors' records during the ongoing investigations into the Debtors' affairs, from Gary Wang to Christina Rolle, dated November 13, 2022.

34. Attached as Exhibit O is a true and correct copy of an email, identified in the Debtors' records during the ongoing investigations into the Debtors' affairs, from Sam Bankman-Fried to Christina Rolle and Brian C. Simms KC, dated November 13, 2022.

35. Attached as Exhibit P is a true and correct copy of Slack messages, identified in the Debtors' records during the ongoing investigations into the Debtors' affairs, from Sam Bankman-Fried to an internal FTX Slack channel, dated November 10, 2022.

36. Attached as Exhibit Q is a true and correct copy of Slack messages, identified in the Debtors' records during the ongoing investigations into the Debtors' affairs, from Gary Wang to an internal FTX Slack channel, dated November 13, 2022.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Executed in Avon, Colorado on December 30, 2022

/s/ Edgar W. Mosley II  
Edgar W. Mosley II